

# State of the Island Address

## *Governor Felix P. Camacho*

April 14, 2008

During my Inaugural Address last year, I spoke of our destiny – to move forward with unity and purpose during this time of unprecedented opportunity. My dear people of Guam, as I stand before you tonight, I am pleased to report that the leadership of your island has moved forward in this journey and we are transitioning into our Season of Transformation.

Hafa Adai, Buenas Noches and good evening fellow citizens. It is an honor and privilege to present to you the state of our island today and, more importantly, the journey we must take moving forward. Tonight I will speak to you about the clear direction and vision we must have, the opportunities before us, the foundations we will lay and the inheritance we will leave for future generations.

Good evening Speaker Won Pat, Chief Justice Torres, Lieutenant Governor Cruz; former governors; members of the Consular Corps; Senators; Attorney General Limtiaco; Public Auditor Brooks; Archbishop Apuron and members of the clergy; Justice and Judges; Mayors; members of the elected boards and commissions; members of the military; my wife, First Lady Joann Camacho; my mother, former First Lady Lourdes Camacho; distinguished guests; my fellow citizens...

In this great tradition of sharing the state of our island, let me first personally thank the men and women from Guam serving overseas in foreign lands. History will tell that this generation of brave soldiers have made tremendous sacrifices so that our world is safer. Some have even paid the ultimate sacrifice defending this great nation that today asks us to stand at the forefront of America's future and the security of the world. We thank Guam's sons and daughters for protecting our freedom.

This is my sixth address, and I am humbled by the trust and confidence you – the people – have placed in me, Lt. Governor Cruz and my cabinet to finish the good work started in 2003. As servant leaders, we have taken our charge to do all we can in the time allotted to lay a solid foundation upon which this community will build the new Guam. From the physical destruction of typhoon Pongsona, to an ailing economy, financial shortfalls, and the most humble of circumstances, this community pulled out of that dark time and five years later, we are presented with opportunities never before imagined.

As I stated in my inaugural address in 2007, "The goals we set together and the countless hours of hard work we all put in have brought positive changes that many thought could not be achieved. But with unyielding faith and trust in God, with perseverance, hard work and dedication to duty – we entered our season of hope."

In a few short years, this island as we know it, will be transformed by the work we do today. The Guam Buildup, as I like to call it, has generated much excitement and confidence in the future. The accompanying investments, construction and population growth will present

tremendous opportunity for new and better jobs, higher wages and an improved quality of life for the citizens of Guam. We have only one opportunity to get it right. In this upcoming period of significant growth, we must not squander this precious opportunity. Our stewardship of the resources entrusted to us will determine the inheritance we leave future generations. We must be prepared to make sacrifices today and take bold action with a strong sense of purpose. With sheer determination we must stay the course no matter how difficult the challenges or adversities we face.

This will be a marathon, not a sprint, one that we must all take together. In order for us to realize our full potential, we need to be equal and relevant stakeholders in this mission so we can determine the course we take. That is why I am calling for greater transparency by the Department of Defense in the process occurring in Guam. We must have a true partnership that will result in upgraded infrastructure, new schools, improved healthcare and increased public safety and social services for all of our people.

Guam's position is clear. This buildup must be a collaborative effort that benefits both our civilian and military communities. But the military's sense of urgency cannot place an undue burden on the people of Guam. The cost of this tremendous change and the financial requirements to meet their aggressive timelines should not be shouldered by our people alone, but must be a shared responsibility. The need for billions in infrastructure and social improvements demands the resources to get it done. That is why we are bringing our case to all levels of the federal government, from the President's Interagency Group on Insular Areas to the Federal Regional Council. Our engagement with the nation's leaders has led to real results.

Soon, I will be leaving island to testify before the United States Senate on the Guam Buildup. Congresswoman Bordallo and I are prepared to make the case that Guam needs federal support for the billions in improvements for our people. Our aggressive federal agenda is matched only by local efforts to provide the highest quality of life for our people.

We must continue to enhance our capacity as a regional leader and hub of transportation and commerce in the Western Pacific and Asian region. It is for this reason that I established the Civilian/Military Task Force, to coordinate this government's efforts and to develop the Guam Master Plan. Already, master planning for our infrastructure and utility agencies is ongoing. The Guam Master Plan will guide the construction and renovation of roads, utilities, bridges, the sea port, the airport, new schools, medical facilities and public safety offices through an integrated effort, starting with the Fiscal Year 2010 federal budget. Infrastructure development has been piecemeal for far too long. This must be a holistic, coordinated approach toward developing our goal of superior infrastructure that meets the demands of our community today and into the future. We must ensure that growth and development is measured, balanced and responsible.

Our mission at the seaport is the same. Our community, the military, international investors and the U.S. government all recognize how critical the seaport's successful modernization is to the \$15 billion in military expansion projects and the untold sum of private enterprise goods that will flow through its docks. That is why enormous efforts are ongoing to immediately fund needed capital improvement projects. The Port Authority of Guam has nearly completed its master plan calling for up to \$193 million in infrastructure and facility improvements that will modernize our seaport to better-serve our island. When this buildup reaches its height, I envision a seaport that will be the catalyst of growth and prosperity.

Although the Marines will not be here until 2012, the buildup of our island is occurring right now. Total defense contracts amounted to more than \$136 million last year, on top of local construction activity. Road improvements in every village were made over the past five years. Soon, more than \$140 million in highway construction, new roads, sidewalks, bike paths and bridges will begin. The Airport has secured more than \$150 million in federal funding to expand its runways and facilities, allowing trans-Pacific flights and greater opportunities for travel to and from different points throughout the globe. A direct result of these efforts is the growth of the air cargo market, which is creating new partnerships, jobs, opportunities and increased economic activity.

Already, the real estate market has seen a rebound and is expected to continue in an upward trend. Last year, nearly \$700 million in record-breaking real estate transactions occurred. Millions of dollars were spent on hotel purchases and renovations by new owners confident in Guam's bright future. We welcomed new restaurants. Retail outlets have opened and more will be built. Housing subdivisions, new homes and condominiums are being built. We've seen several golf courses sold to new investors who are upgrading these resorts, and the trend will continue in this phenomenal rebound in the real estate sector.

As growth continues, we are ensuring the people of Guam benefit from the land that is rightfully theirs. That is why my Administration continues to return federal excess lands to the families of original landowners, creating new opportunities for those who have waited years for the return of their lands.

As leaders, we have a duty to address the impact economic growth is having on affordable housing. New programs through USDA's Rural Development office, in partnership with the Guam Housing Corporation, are making mortgages possible for those who otherwise would not be able to achieve the Dream of homeownership. Tonight I've invited the Babauta family as my guests to the State of the Island Address. Roque and Beverly Babauta and their children were the first family to buy a home under the Leveraged Loan Program we call Building Dreams. Their dream came true when they purchased their first home in Barrigada and, tonight, they are with us. Mr. and Mrs. Babauta, please stand and be recognized. Ladies and gentlemen, we are succeeding in making homeownership a reality for the people of Guam.

Even as we make homeownership possible for you, we're working to make the development of your homes and businesses less costly and more efficient. Just last week, FEMA reinstated our community into the National Flood Insurance Program, after 16 years of exclusion. This is a tremendous achievement for our people and our businesses. It reduces the cost of development for many in our community. And as we bring the American Dream of owning a home closer to you, we look forward to a strong economy that welcomes unprecedented investments to our shores.

It is this devotion to the livelihood of our people that drives our passion to improve your quality of life and address the challenges you face.

One of the most pressing issues affecting our people today is the high cost of fuel and electricity. This has a direct effect on our lives as transportation costs have increased on all imported goods.

While we cannot control the global rise in the price of oil, we are working on making electricity bills less expensive. Power generation from liquid natural gas will be possible in four years. We secured \$1 million in Interior Department CIP grants for a pilot wind turbine project last year. In the future, our efforts to use natural gas, wind, solar and ocean will mean cheaper electricity for the people of Guam. But that's not all.

We also are seeking assistance from the U.S. Department of Energy to provide Guam the necessary resources to lessen our dependence on fossil fuels. We look forward to this and private sector partnerships to develop alternative and renewable energy, so that as the price of fuel goes up, we will reduce its use with cleaner, more affordable sources.

As we address the issues that affect your quality of life, we are working to expand our economic base, providing you with greater opportunities. And it all starts with the driving force of our economy - tourism.

Lt. Governor Cruz and I will continue to energize this industry, which welcomes one-point-two million visitors to Guam every year. Thanks to increased economic relationships with Beijing, Guam is poised to compete for the world's fastest-growing tourism market. Our efforts with China already brought the first charter flight earlier this year. I am establishing a Guam China Development Council, focusing on tourism opportunities, economic development and cultural and education exchanges. And, working with Congresswoman Bordallo and members of the Senate Energy Committee, we will continue to pursue a Visa-Waiver program for Guam's most-promising market - China.

The greatest asset of our evolving economy is our people. Over the past five years, we've seen the private sector workforce grow from 39,520 jobs at the end of 2002 to 45,320 jobs at the end of last year. That is an increase of 5,800 workers or a 14 percent increase in employment!

We've trained many residents and placed them into gainful employment. New apprenticeship programs with GPA, GWA and the Guam Shipyard have opened opportunities to many more. The Guam Trades Academy and Guam Community College are teaching skills to help our people meet their full potential. And last week, the U.S. Senate approved legislation, which will resolve a major challenge to the workforce needed for the Guam Buildup once the President signs it into law. We now are one step closer in our efforts to lift the cap on foreign workers, who are needed to construct the military and private sector facilities over the next few years. But sustainable development requires that the people of Guam – not foreign workers or temporary hires – are ready and enlisted into the careers of tomorrow that the Guam Buildup will bring.

We have a duty to turn opportunities into lasting prosperity for the generation that will inherit these unprecedented times. And that duty starts in the classroom, where today's students are preparing to become tomorrow's workforce. They will guide this new economy. And Guam's ability to sustain prosperity beyond the next decade will be determined by the commitment we give today toward their education and training.

Education is a sowing and reaping process. It is like a seed. It is a gradual process. It takes place like the growth of a plant or tree. A seed is planted; given some time, nourishment, care and sunlight. A huge tree bears fruit. This same principle applies to our children. The ideas that are sown in them will grow over the years and produce fruit, manifesting in every aspect of life – personal, social, political and economic.

We all know how important it is for our children to receive the best education that we can provide them. However, we can no longer afford to pour millions of dollars into GPSS without the necessary accountability for those funds, and tangible results in our children's education. Since 1993, GPSS has spent more than \$2.8 billion, an average of \$200 million each year! Yet, test scores are still low. Facilities are not maintained. Supplies are lacking. Vendors are not paid. And many high school graduates do not have the necessary skills to qualify and compete for gainful employment. Much has been given to GPSS with little to show for it. The system in place is simply not working. What we have today is the result of many laws passed over the years to try to fix GPSS. Current law gives GPSS free reign over all the financial resources without any checks or balances, without any way for us to make certain that money is spent where it is most needed.

Billions in local and federal dollars have been spent. Good money has been thrown at a bad situation with everyone believing that if MORE MONEY was appropriated, the problems will be solved. Yet, it's only gotten worse. It is time for an institutional paradigm shift in the Guam Public School System. I am calling for:

- A change in the school board composition so that some members are elected while others are appointed, because continuity is critical to the stability of our school system.
- Restoration of Executive Branch authority over GPSS to ensure checks and balances in budgeting, procurement and personnel matters.
- Reinstatement of the Governor's authority to appoint the Superintendent.
- Outsourcing of services where necessary.
- And, the creation of charter schools within the GPSS system.

I have had discussions with Speaker Won Pat about her idea to implement charter schools. There are many jurisdictions where this concept has worked and, surely, some where it has not. Let us take the best practices that have been applied elsewhere and tailor them to Guam. Let us be bold in our thinking and courageous in our action. I applaud Speaker Won Pat for taking this initiative that has my full support.

While our community has cried out for something to be done, some people have already made a difference. Tonight I want to recognize the parents and guardians of the schoolchildren of Guam. I've invited two of them as my special guests. Sheila Salas works at Juan M. Guerrero Elementary School. Her husband George was president of the island-wide Parent Teacher Association Congress. Nearly three years ago as my initiative to build four new schools was stalled, Mr. and Mrs. Salas gathered parents together, marched to the former Attorney General's office and demanded he sign the lease agreement to build new schools. Because of their collective will and influence, that contract was signed and construction started just months later. George and Sheila, please stand and be recognized!

By the beginning of the next school year, we will have three new schools ready for our children. I want to thank Speaker Won Pat for her commitment to call session on April 21 to address my proposal that will finance the equipment needed at these new schools. Senators, I ask for your support.

We will build more schools and continue advocating for more resources to find its way into the classrooms and not in the bureaucracy of the Guam Public School System. Our military

partners at Andersen Air Force Base and U.S. DOE are currently negotiating a land exchange for the proposed Marbo site for another high school. General Owens, we appreciate your full commitment to this initiative.

Lt. Governor Cruz and I share the same goals as parents and teachers across Guam. We want to prepare the next generation for the opportunities of tomorrow. We want our schoolchildren to have the best careers, to raise families in good homes, to live in a better Guam with safer neighborhoods and better access to healthcare.

Seventeen months ago, in the midst of rising healthcare costs and climbing rates of disease, you elected a doctor to serve along my side. Lt. Governor Cruz has been the greatest advocate of preventive and affordable healthcare ever since.

We all know the challenges facing our island's only civilian hospital, but we continue to make steady progress. Since 2004, we have given the hospital more than \$22 million in Compact Impact funding. Our administration took a hospital that had numerous challenges to its survival and we are now closer than ever to receiving Joint Commission Accreditation.

And today we are working to identify different funding opportunities with our federal partners to move forward with our hospital expansion projects to meet the growing demands of our island. As we carry on our efforts to expand the facility and improve services, this Administration is placing an emphasis on preventive health care.

The challenges we face are not hindering our work to secure a healthier future for our children. We are refocusing our island's attention on disease prevention to reduce the occurrence of diabetes, cancer, heart disease and other illnesses that are affecting the ones we love, because we must prepare our families for a healthier and safer future.

We have committed additional resources to your security through the years. We've hired more law enforcement officers. We've given them better equipment. We rebuilt Barrigada's fire station and built police precincts in Tumon and Dededo. Construction of the regional forensic crime lab is underway and the Emergency Operations Center will open this year.

Our law enforcement officers and first responders excelled in TOPOFF 4, the nation's premier test of readiness to terrorism. I want to recognize those involved in T4 and all of our uniformed officers who put their lives on the line every day. Several months ago one of them paid the ultimate sacrifice. Sergeant Frankie Smith belongs to a hall of heroes who gave their lives protecting ours. He and the hundreds of professionals patrolling our streets, rehabilitating criminals, marshaling the courts, providing emergency aid and defending our country deserve our utmost respect and appreciation.

Along with these men and women, government employees join thousands of our people in the private sector making a difference in this time we have been given. I am grateful for the work you do each day and for our collective commitment to walk this journey together and build the foundations we need.

We've come far and broken through many barriers to move our island forward. But we need the support of this Legislature to build the financial base that will establish greater opportunities for our people.

Decades of government debt upon debt, and mandates without funding, threaten the good work we are doing for the future. We are faced with a half-billion dollar deficit. The government's finances jeopardize the potential of our island to grow at a time when we are preparing for this historic buildup.

My fellow citizens of Guam, time and again you have heard me speak of the urgency in addressing the GovGuam deficit. I spoke of the negative effect it is having on the lives of our people and our government's ability to provide even the most basic critical services to this community.

Last year, we needed to take out a loan to pay teachers and, as a result, the government was placed on CreditWatch. Because the market recognized my administration's commitment to fix our financial problems, the CreditWatch was lifted. But the current state of our fiscal affairs and the lack of a solid financial plan to navigate our way through these times is beginning to hurt GPA, GWA and the Sea Port's ability to finance much-needed upgrades.

I proposed a Fiscal Recovery and Deficit Elimination Plan, which would have balanced the budget, eliminated the deficit and begin to create reserves by the year 2014. My plan was not acted on and the situation continues to worsen. And just last month, the federal district court placed the government of Guam in receivership for the Ordot Dump.

The current trend is a clear warning that inaction on the deficit will only hurt our people more. The domino effect of the deficit is escalating the problem so that it will eventually touch every aspect of our people's lives. Today, as we prepare for the tremendous opportunities that the Guam Buildup will bring, it is critical that all the leaders of Guam work collaboratively in developing a sound fiscal plan to see us through. We must recognize the realities of the times and act accordingly. We must strategize, plan and execute to be over and on top of the circumstances and not under the circumstances. We must be in control of our destiny.

The time is now to restructure the debt of this government. Fear of change has paralyzed this island and the government of Guam for decades. The old ways are past us and are no longer effective. We must face the challenges that stand in the way of the promise this new season brings. We must prepare our island in this time of transition toward great things to come. Together, with cooperation, collaboration and resolve we will prosper.

My fellow citizens, I want to thank you for inviting me into your homes this evening to share the state of our island. Although we have come a long way together, our journey is far from over. What we do now will determine the prosperity we all seek. It all starts in this time of transition, when we raise the level of expectancy and pursue a higher standard of excellence for this place we all call home.

We must guard against poverty, take some risks, sacrifice and begin to invest for the future. We must stand ready to inspire action and equip our people with the skill and capacity to succeed.

The time of prosperity and abundance is coming. We must be steadfast in our commitment to make a difference. Anything less will fall short of the mark. We must assert our collective will, take bold steps and implement progressive initiatives to build the new Guam ... transformed and fulfilling its potential.

The people of Guam have never shied away from challenges and we will continue that proud tradition. We will embrace the opportunities before us and turn them into lasting prosperity for all generations to come.

We will do this together.

We will do this United.

I believe that this is our calling and our mandate as a people.

I believe in all of you, the people of Guam.

And I believe that we will be guided by God's Grace and Wisdom.

Thank you. God Bless You. And God Bless Guam.